

# **Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act Report 2023**

**ENERCON Canada Inc.**

**ENERCON Canada Services Inc.**

# Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act Report 2023

---

## 1 Introduction

The following report is made by ENERCON Canada Inc. and ENERCON Services Canada Inc. (collectively, “ENERCON Canada”) in the form of a joint report pursuant to *Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act*. This report covers the financial year ending December 31<sup>st</sup>, 2023 for both entities and describes the steps we have taken to prevent and reduce risks of forced labour and child labour in our business and supply chain.

## 2 About our Business

ENERCON Canada Inc. is specialized in the sale, installation and after sales servicing of wind energy converters, while the principal activity of ENERCON Services Canada Inc. is that of commissioning, service and maintenance of wind energy converters, both entities operating in the renewable energy sector within Canada. These activities include the importation of goods and components associated with wind energy converters into Canada.

Both companies are incorporated under Canadian provincial corporate statutes and are part of the ENERCON group, a worldwide market leader in wind turbine manufacturing. The ENERCON group is headquartered in Aurich, Germany.

As all companies within the ENERCON group, ENERCON Canada shares the corporate vision:

“Energy for the world”

ENERCON Canada is headquartered in Montreal, Quebec and collectively consists of a team of approximately 300 employees, organized in a departmental structure and contributing to our success by supporting our clients across various projects and operations.

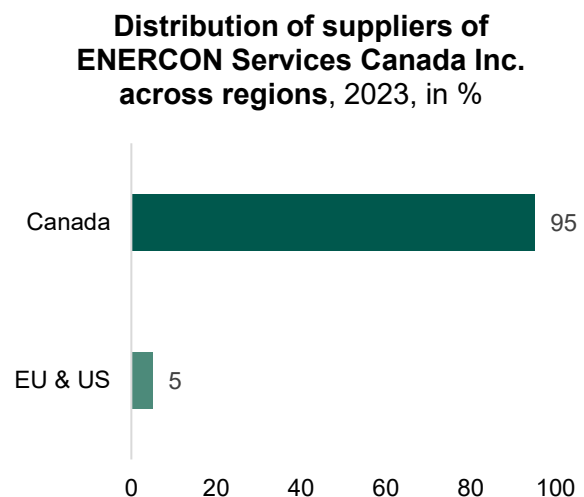
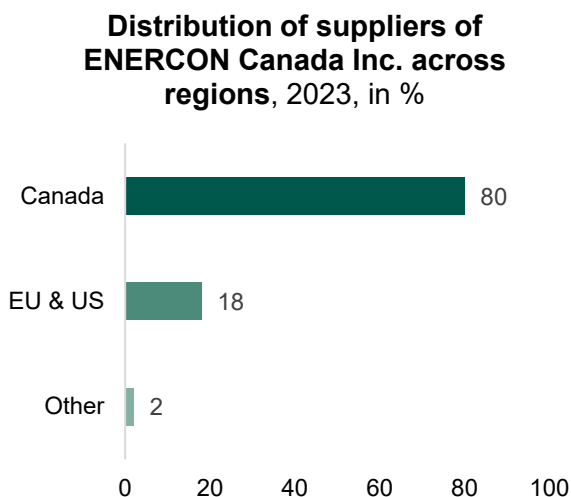
The ENERCON group observes compliance with the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG), which was enacted in 2023. The LkSG requires the ENERCON group to conduct a thorough risk assessment to identify and address potential human rights risks associated within its own business and its supply chain. This includes evaluating the risks in relation to forced and child labour in the supply chains of ENERCON Canada Inc. and ENERCON Services Canada Inc., as a consequence of indirectly controlling these entities, and the impact of the business activities on forced labour and child labour. Furthermore, other entities of the ENERCON group have reporting obligations under the UK Modern Slavery Act as well as the Norwegian Transparency Act.

## 3 About our Supply Chain

ENERCON Canada recognizes that - besides our own business activities - our supply chain also plays a crucial role in our commitment to preventing forced labour and child labour.

ENERCON Canada imports a variety of goods and components associated with wind energy converters into Canada, including generators from members of the ENERCON group; blades primarily from members of the ENERCON group and from time-to-time from third parties; and tower segments from time-to-time from third parties. A significant portion of these imports are from the European Union, and a material part of the remaining imports are from other countries in Europe and from the United States. A majority of the goods imported by ENERCON Canada are imported directly from members of the ENERCON group, and as ENERCON group is headquartered in Germany, members of the ENERCON group observe compliance with the German LkSG to the extent possible taking into account local requirements.

In relation to our broader supplier list, although a significant portion of the value of our supplies come from members of the ENERCON group, as the charts below illustrate the majority of our suppliers (by number) are based in Canada. Most of the remaining suppliers are located in the United States (US) or the European Union (EU).



In addition, the value chain of ENERCON Canada includes providers of services related to the wind energy business, such as transportation, crewing, logistics, shipping of specialized cargo, as well as maintenance and inspection.

As part of the ENERCON group, both companies are closely connected to other companies within the ENERCON group several of which are part of our supply chain, sharing the same key values and requirements.

## 4 Policy Framework

ENERCON Canada and the ENERCON group have developed and implemented policies and procedures to ensure that forced and child labour are not taking place in any part of our business or supply chain and are described in more detail below. Each of the ENERCON group policies described below also apply to ENERCON Canada as noted more particularly below.

### **ENERCON Canada Code of Conduct:**

The ENERCON Canada Code of Conduct is the highest policy framework for the actions of ENERCON Canada and its common values form the basis of our corporate culture. The ENERCON Code of Conduct demonstrates the commitment to respect and uphold human rights and sets clear expectations for the ENERCON Canada employees, emphasizing their collective responsibility in preventing any form of exploitation within our business operations. It explicitly states that ENERCON Canada opposes all forms of forced labour and child labour.

### **Labour Law and Human Rights Policy:**

The group-wide Labour Law and Human Rights Policy of the ENERCON group was created in line with the United Nations Universal Declaration of Human Rights (International Bill of Human Rights), the European Convention for the Protection of Human Rights (Convention for the Protection of Human Rights and Fundamental Freedoms) and the United Nations Global Compact 10 principles. The policy states our commitment to avoid any form of modern slavery, including forced labour and child labour.

### **Whistleblowing Policy / Grievance Mechanism:**

The ENERCON group has established group-wide whistleblowing / grievance mechanisms that encourage employees, suppliers and other stakeholders to report to us any concerns and complaints. Confidentiality is ensured and anonymous reporting is possible without fear of retaliation. Employees and third parties may therefore use a range of channels including our digital whistleblowing platform, which is available in ten languages.

Employees of ENERCON Canada can also report to their manager, the Ethics & Compliance department or the Ombudsperson of the ENERCON group. As part of the ENERCON group, we take every report seriously and investigate it conscientiously.

## **Supplier Code of Conduct:**

The ENERCON Supplier Code of Conduct underscores our commitment to prevent human rights violations within our supply chain. It sets forth clear expectations for our suppliers, emphasizing the importance of compliance with anti-slavery legislation, the safeguarding of fundamental human rights, and the establishment of fair and ethical working conditions. The Supplier Code of Conduct of the ENERCON group is designed to ensure that all suppliers within our network share our dedication to combating forced labour and child labour. ENERCON Canada's procurement that is effected through the ENERCON group global procurement function is subject to the ENERCON Supplier Code of Conduct, and the application of this code of conduct to procurement effected directly by ENERCON Canada is in the process of being implemented.

## **5 Due Diligence Process**

Respect for human rights - in our own business activities and in the supply chain - is a top priority for ENERCON Canada. For this reason, a due diligence process has been implemented in close cooperation with the relevant corporate functions.

### **5.1 Assessment and Management of Risk**

At ENERCON Canada, we recognize the importance of conducting comprehensive and ongoing risk assessments to identify and mitigate potential threats related to human rights violations, including forced labour and child labour in our business and supply chains. ENERCON Canada takes the issue of forced labour and child labour seriously, and we strive for transparency and ethical behavior both in our own operations and in our supply chain. Our commitment to transparency, responsibility, and ethical business practices drives us to continually assess and address risks within our own business activities and value chain. The collaboration with our suppliers is continuously monitored and reviewed. Any sign of the use of forced and/or child labour will prompt ENERCON to initiate a re-evaluation, potentially leading to the termination of the business relationship.

As part of the implementation of the German LkSG, a comprehensive human rights risk analysis was carried out, in which the risks of forced and child labour for ENERCON Canada were also evaluated.

# Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act Report 2023

---

The sectors posing the greatest risk for forced and child labour were those associated with transportation, shipping, and construction and based on the qualifications inherent in our assessment the related risk was assessed at medium on a scale of low to high in this analysis. We are aware that potential risks may exist in the lower tiers of the supply chain as well. Addressing these potential risks will be a focus area in the upcoming years.

Through the performance of a supply chain risk assessment, ENERCON Canada did not identify any actual cases of forced labor or child labor in its activities in 2023.

## **Our business activities:**

ENERCON Canada has taken several measures to prevent the risk of forced and child labour within our operations. In addition to our policies on forced and child labour, ENERCON Canada ensures that all employees receive an employment contract in a language they understand. Furthermore, ENERCON Canada does not employ migrant workers, which reduces the risk of forced labour significantly. Additionally, ENERCON Canada does not employ people under the age of 18 and performs age verification of candidates to prevent child labour.

Recognizing the importance of remaining vigilant and responsive to potential issues, the ENERCON group has implemented a robust whistleblowing system and grievance mechanism. This mechanism allows not only employees but also suppliers throughout the supply chain to report any concerns or incidents related to forced labor, child labor, or any other unethical practices directly and confidentially to the company. Repressive measures against whistleblowers are not tolerated at the ENERCON group.

## **Supply Chain:**

To become a supplier or business partner of the ENERCON group, suppliers and business partners have to go through a thorough onboarding process. A significant share of procurement activities for ENERCON Canada are performed by the Global Procurement department of the ENERCON group. An established due diligence system aims at monitoring, managing, and preventing any procurement-related adverse impacts on essential human rights, including the issue of forced labour and child labour. The global due diligence system follows a risk-based approach and includes a supplier questionnaire for high-risk suppliers that encompasses various aspects, including human rights. Additionally, before engaging in business with the ENERCON group, critical suppliers must agree to follow our Supplier Code of Conduct. We thereby aim to prevent and reduce the risk of forced and child labour in our supply chain.

Besides that, the Supply Chain & Purchasing Department of ENERCON Canada carries out the procurement activities for regional suppliers. For ENERCON Canada, it is imperative that the supplier or business partner is not only committed to prevent forced and child labour but that they also substantiate their dedication to these matters. ENERCON Canada does not engage with third parties who act contrary to convention no. 105 of the ILO (International Labour Organisation) regarding forced labour as well as convention no. 138 of the ILO concerning the minimum age for employment and convention no. 182 concerning the elimination of child labour.

The plan for the future involves achieving harmonization within this due diligence process and other initiatives and processes that have already been implemented within the ENERCON group under the German LkSG, thereby extending the application of the Group's standards to ENERCON Canada as well, particularly as it relates to the application of the ENERCON Supplier Code of Conduct to ENERCON Canada's direct procurement efforts.

## 5.2 Remediation Measures

At ENERCON Canada, we are committed to upholding the highest standards of ethics and responsibility throughout our operations and supply chain. As part of this commitment, we acknowledge the serious nature of forced and child labor and take measures to address and are committed to remediating any instances of forced or child labour reported within our supply chain.

In case remediation actions are needed, we have partnered with an external labor law consultant who is also experienced in addressing forced and child labor issues. Our collaboration with this external consultant underscores our dedication to continuous improvement and our firm stance against any form of exploitation or violation of human rights. As we have not identified any cases of forced labour or child labour in our activities and supply chains, ENERCON Canada has not yet had to take any remediation measures. However, we are fully committed to transparency and accountability in our labor practices and will continue to work diligently to ensure that all workers within our supply chain are treated with dignity, respect, and fairness.

## 5.3 Training and Awareness

The ENERCON group has embedded human rights principles within its organizational culture by initiating targeted training programs for specific functions within the company. Recognizing the im-

portance of understanding and upholding human rights standards across all aspects of its operations, we have identified key departments or roles where a deep understanding of human rights issues is particularly crucial. Looking ahead, the company has planned a rollout of human rights training for the employees of ENERCON Canada in 2024, including the topics on forced labour and child labour. This inclusive initiative aims to extend awareness and understanding of human rights principles to all employees, regardless of their department or role within the organization.

## 5.4 Assessing Effectiveness

ENERCON Canada's commitment to preventing forced and child labor within the organization is supported by conducting regular reviews of our internal policies and procedures, along with audits of our own business activities, to ensure compliance and adherence to ethical labour practices. Furthermore, the ENERCON group is planning to conduct supplier audits in the upcoming years, extending these standards throughout our supply chain, thereby strengthening our efforts to prevent forced and child labour at every level of our operations.

As we reflect on our commitment to preventing and reducing the risk of forced and child labour in our supply chain, ENERCON Canada recognizes that ongoing efforts are crucial for sustainable change.



## 6 Approval for this Report

This report is approved and attested as required under subsection 11(4)(b)(i) and subsection 11(5) of the Act.

---

Michael Weidemann

Authorized Representative of ENERCON Canada Inc. and  
ENERCON Services Canada Inc.

“I have the right to bind ENERCON Canada Inc. and ENER-  
CON Canada Services Inc.”